

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

UNITED STATES OF AMERICA,)
) CASE NO. CR10-310-RAJ
Plaintiff,)
)
v.)
) DETENTION ORDER
FREDERICK DARREN BERG,)
)
Defendant.)
_____)

Offense charged: Wire Fraud; Money Laundering; Bankruptcy Fraud–Asset Concealment

Date of Detention Hearing: December 1, 2010

The Court, having conducted a detention hearing pursuant to 18 U.S.C. § 3142(f), and based upon the factual findings and statement of reasons for detention hereafter set forth, finds that no condition or combination of conditions which defendant can meet will reasonably assure the appearance of defendant as required and the safety of other persons and the community.

FINDINGS OF FACT AND STATEMENT OF REASONS FOR DETENTION

(1) Defendant is charged by Superseding Indictment with misappropriating millions of dollars in investor funds for his own use and to perpetuate a “Ponzi” scheme, paying off the

01 loans of earlier investors in order to conceal the scheme. The government alleges the loss of
02 approximately \$100 million by victims of the alleged fraud, and contends that large sums that
03 were invested by the alleged victims have not been recovered.

04 (2) The government contends that defendant has actively sought to obstruct justice
05 during the investigation of this case, and has made false statements and submitted false
06 documents in the course of the bankruptcy proceedings. It alleges that he did not disclose a bank
07 account opened approximately contemporaneously with the commencement of his bankruptcy
08 proceedings. Further, in support of its argument that defendant poses a risk of flight, the
09 government cites the fact that the defendant set up an offshore trust in Belize in order to secret
10 assets. The defendant admits that he consulted with an attorney about setting up the trust, but did
11 not do so. Defendant's counsel did advise Pretrial Services that defendant had previously failed
12 to provide full disclosure and in fact provided Pretrial Services with some materially false
13 information. The evidence proffered at the detention hearing indicates a lack of candor on the
14 part of defendant as to his employment and income sources.

15 (3) Defendant has an extensive history of international travel. The facts of the case
16 raise an inference that there may be very substantial unaccounted for funds, which could facilitate
17 flight by the defendant. Pretrial Services also raises concerns about the defendant's mental state.
18 Defendant has a previous conviction for bank fraud, for which he received a sentence of
19 probation.

20 (4) Defendant poses a risk of nonappearance due to discrepancies in his reported
21 assets and employment, a history of extensive international travel, and the possibility of
22 unaccounted for funds at the defendant's disposal. Defendant poses a risk of economic danger

01 due to criminal history and the nature of the instant offense involving an alleged complicated
02 financial scheme.

03 (5) There does not appear to be any condition or combination of conditions that will
04 reasonably assure the defendant's appearance at future Court hearings while addressing the
05 danger to other persons or the community.

06 It is therefore ORDERED:

07 (1) Defendant shall be detained pending trial and committed to the custody of the
08 Attorney General for confinement in a correction facility separate, to the extent
09 practicable, from persons awaiting or serving sentences or being held in custody
10 pending appeal;

11 (2) Defendant shall be afforded reasonable opportunity for private consultation with
12 counsel;

13 (3) On order of a court of the United States or on request of an attorney for the
14 Government, the person in charge of the corrections facility in which defendant
15 is confined shall deliver the defendant to a United States Marshal for the purpose
16 of an appearance in connection with a court proceeding; and

17 (4) The clerk shall direct copies of this Order to counsel for the United States, to
18 counsel for the defendant, to the United States Marshal, and to the United States
19 Pretrial Services Officer.

20 DATED this 1st day of December, 2010.

21 

22 Mary Alice Theiler
United States Magistrate Judge